

## RAILROAD CONSOLIDATIONS

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JUNE 24, 1930.—Referred to the House Calendar and ordered to be printed

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Mr. PARKER, from the Committee on Interstate and Foreign Commerce, submitted the following

### REPORT

[To accompany S. J. Res. 161]

The Committee on Interstate and Foreign Commerce, to whom was referred the joint resolution (S. J. Res. 161) to suspend the authority of the Interstate Commerce Commission to approve consolidations or unifications of railway properties, having considered the same, reports thereon with an amendment and recommends that the joint resolution as amended do pass.

The committee finds it inadvisable at this time to enact the joint resolution in the form in which it was passed by the Senate. Some of the policies embodied therein, the committee feels, do not demand emergency action by the Congress, and legislative action upon such policies should await the completion of the investigation now being conducted by the committee upon railway unifications and holding companies. On the other hand, the committee is of the opinion that there are defects in the existing provisions of the interstate commerce act relating to acquisition of control of carriers and consolidation of their properties that demand immediate consideration by the Congress and that should be remedied by provisions of law permanent, rather than temporary, in character. The committee has therefore reported a substitute for the joint resolution as passed by the Senate, covering three matters of emergency character which, in the judgment of the committee, should be enacted into law at the present session.

#### SCOPE OF SUBSTITUTE

These matters are grants of authority to the commission with respect to, first, hardships and losses suffered by railroad employees as a result of unifications of railroads; second, losses suffered as the result of such unifications by States, municipalities, or individuals under contracts for value or provisions of law governing the location

of general offices or shops of railroads; and, third, acquisitions of control of two or more railroad carriers by individuals, holding or investment companies, voting trusts, and other noncarrier persons.

#### LOSSES TO EMPLOYEES

As to the first of these matters, paragraph (a) provides that in hearings upon applications to the commission for authority to acquire control of one or more railroad carriers, or to consolidate their properties, the employees of any carrier by railroad involved in the acquisition or consolidation may intervene and be heard. Under the railway labor act, Congress has approved the policy of railroad employees being represented by representatives of their own designation, and the substitute, pursuant to this policy, permits the employees also to intervene and be heard through such representatives. The substitute further provides that as a condition to the approval by the commission of any such acquisition or consolidation, the commission is authorized to require that the carriers involved shall make proper provision for minimizing and/or compensating the employees for the hardships and losses suffered by them as a result of the acquisition or consolidation.

The committee understands that the commission is now of the opinion that section 5 of the interstate commerce act, properly interpreted, grants authority to the commission to make proper provision for these matters in connection with its approval of any acquisition of control or consolidation of properties. The section, however, contains no specific provision upon these matters and the committee believes that any doubts as to the existence of the authority should be removed by the enactment of a definite provision of law.

The hardships and losses contemplated by the committee amendment may, of course, be of widely diverse character. They may be illustrated, however, by such hardships and losses as result from reductions and changes in the carrier's force, or as result from changes of residence or from the disposal of homes forced by changes in the location of the railroad shops or offices. The employees who would receive the benefit of these provisions are all those persons in the service of the carrier who perform any work defined as that of an employee or subordinate official in the orders of the Interstate Commerce Commission. This would include office, as well as operating, employees.

#### LOSSES TO MUNICIPALITIES

As to the second of the matters covered by the substitute, paragraph (a) provides that, as a condition of the approval of an acquisition of control or consolidation of properties, the commission shall determine what is just and reasonable and in the public interest with regard to the losses sustained by reason of change of location of railroad offices or shops pursuant to such acquisition and consolidation. The losses are those sustained by States, municipalities, or individuals and flowing from breaches of requirements of State law, or of contracts for value or contracts governing donations of bonds or proceeds thereof where the law or contracts require the maintenance of general offices or shops in a particular locality.

## HOLDING COMPANIES

The commission, in its forty-third annual report for the year ending November 30, 1929, states (p. 79) that—

In our last annual report we called attention to the acquisition by individuals or groups of individuals of control of railroads. We stated that this might seriously affect the maintenance of competition among carriers. Corporations organized as trading, investment, or holding companies appear also to be active in acquiring control of or substantial interests in various carriers. It seems clear that the acquisition of control or of an amount of stock sufficient to influence the policies of competing railroads, either by individuals or by other noncarrier corporations, may result in the suppression of competition in a manner no less harmful than if such control be exercised directly by one carrier over another.

The commission recommends in its report that in view of the fact that these acquisitions of control may result in suppression of competition consideration should now be given by Congress to possible legislation.

The existing law (sec. 5 of the interstate commerce act) regulates acquisitions of control by one carrier of another carrier or carriers but does not cover acquisitions of control by individuals or by holding or investment companies of carriers. The committee agrees with the commission that this defect should be immediately remedied by legislation in order to preserve competition.

To this end the committee has provided in the substitute that the acquisition of control in any manner of two or more carriers by railroad by or through holding or investment companies, voting trusts, or other persons who are not carriers by railroad, is prohibited unless approved by the commission. The substitute further provides that any violation of the prohibition may be enjoined at the suit of the United States, or by any commission or regulatory body of any State in which is located any part of the lines of the carrier by railroad, or by any other party in interest. The control covered by the provisions of the substitute is actual control acquired by individuals, associations, or corporations which are not carriers and which therefore do not own and operate railroad properties but nevertheless separately or jointly direct or have the power to direct the railroad carriers' operations and management by virtue of stock ownership in the carriers, voting trust agreements, or other contractual arrangements in respect to the stock or securities of the carriers or the properties operated by them.

Such control is usually held by holding or investment companies although instances have been brought to the attention of the committee in which individuals have held a controlling interest in the voting stock of a carrier. The control may be held directly or indirectly, and the provisions of the substitute are sufficiently broad to cover control held through one or more intervening corporations or associations. The substitute would not apply to acquisitions where actual control already exists or to acquisitions of less than actual control.

It should also be noted that, while the substitute is prospective in operation and applies only in the case of an acquisition of control of at least two carriers consummated after the passage of the joint resolution, this requirement would be met even if control of one of the carriers had been acquired prior to the passage of the resolution.

The substitute further provides that the provisions of the interstate commerce act and the supplementary acts applicable with respect to

acquisitions of control by a carrier shall be applicable with respect to acquisitions of control under the joint resolution by a holding or investment company or other person. The substitute thereby becomes not only a prohibition against unauthorized acquisitions of control but also a grant of authority to the commission to approve acquisitions of control. Such approval would be subject, however, to the same limitations of public interest and the like as now govern the approval by the commission of acquisitions of control under section 5 of the interstate commerce act. In addition, the procedural provisions of the interstate commerce act and regulations thereunder would apply, including the various inquisitorial, administrative, and penal provisions.

Moreover, an acquisition of control approved by the commission under the substitute would give to the carrier affected the same relief from the operations of the antitrust laws as now provided by section 5 (8) of the interstate commerce act in the case of acquisitions of control under that act. In other words, the committee has sought to place upon a parity under the law acquisitions of control of two or more carriers irrespective of whether the control is acquired by a carrier, on the one hand, or by an individual, holding or investment company, voting trustee, or other noncarrier, individual, corporation, or association, on the other hand, save that in the latter case unapproved acquisitions of control are, in addition, specifically declared to be prohibited by the substitute.

#### ELECTRIC RAILWAYS

Subdivision (d) excludes from the scope of the joint resolution acquisitions of control or consolidations of properties when the only rail carriers involved are street, suburban, and/or interurban electric railways not operated as a part or parts of a general steam system of transportation. There would remain subject to the provisions of the joint resolution all acquisitions or consolidations in which there was involved a steam railroad or a street, suburban, or interurban electric railway operated as a part of a steam railroad system. Under the interstate commerce act street, suburban, and interurban electric railways not operated as a part of a general steam railroad system of transportation are already exempt from certain sections relating to extension, acquisition, or abandonment of lines (sec. 1 (22)), rates (sec. 15a (1)), and securities issues (sec. 20a (1)). Subdivision (d), however, does not affect the application of other provisions of the interstate commerce act to such electric railways, but leaves such railways in exactly the same situation as if the pending joint resolution had not been passed.

## APPENDIXES

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There are attached to this report two appendixes containing (A) the text of the joint resolution as amended by the committee, and (B) the text of the pertinent provisions of section 5 of the interstate commerce act, as amended, relating to acquisitions of control of railroad carriers and consolidation of railroad properties.

### APPENDIX A—TEXT OF THE JOINT RESOLUTION

[Matter to be omitted inclosed in black brackets; new matter printed in italic]

JOINT RESOLUTION To suspend the authority of the Interstate Commerce Commission to approve consolidations or unifications of railway properties

[Whereas under existing law the Interstate Commerce Commission has not adequate authority to protect the public interest in the matter of the consolidation or unification of railroad properties, and legislation conferring additional powers upon the commission has been under consideration by committees of Congress for several years; and

[Whereas the Interstate Commerce Commission stated in its Annual Report for the year 1929 that public regulatory policies would be defeated unless means were found to control holding company operations whereby railroad companies are now being consolidated, in effect, without any exercise of that public control which is necessary to conserve the public interest; and

[Whereas the House of Representatives has authorized, and there is now being carried on under the direction of its Committee on Interstate and Foreign Commerce, an investigation of such holding company operations; and

[Whereas the Interstate Commerce Commission, purporting to act under existing law, has recently published a comprehensive plan for railroad consolidations, under which numerous consolidations are being presented or prepared for the approval of the commission, which plan, it is strongly contended, does not provide for maintaining, as far as possible, existing competition and existing routes and channels of trade and commerce, as required by law; and

[Whereas the Interstate Commerce Commission has recently authorized (in conformity with such comprehensive plan) the consolidation of the Great Northern and Northern Pacific Railroad systems, although such a consolidation was held illegal by the Supreme Court in the Northern Securities case, and will substantially lessen and restrain competition in the Northwest from the Twin Cities to the Pacific coast and, it is charged, will seriously injure the growth and prosperity of many communities along the lines of these railroads; and

[Whereas dissenting members of the Interstate Commerce Commission have asserted that the commission exceeded its lawful authority in authorizing the aforesaid consolidation of the Great Northern and Northern Pacific Railroad systems, and extensive litigation may be instituted by communities along the lines of said railroads to protect their interests and preserve for them essential transportation service; and

[Whereas consolidations and unifications of railroad systems inevitably affect the prosperity of many communities along the lines of consolidating railroads and cause substantial changes in property values and result in losses of employment to railroad employees, which at the present time would add to agricultural and industrial depression and to extensive unemployment now existing among railroad employees; and

[Whereas there should be no further authorizations of consolidations and unifications of railroads by the Interstate Commerce Commission until legislation can be enacted by Congress (1) to cover the operations of holding companies, (2) to provide for adequate protection of the public interest through additional authority conferred upon the commission, (3) to prevent widespread injuries to



communities through decrease and disruption of their transportation service, (4) to check unnecessary uncompensated losses to railroad employees, and (5) to insure that consolidations authorized shall produce better or more economical transportation service and positive advantages to the public; and

¶Whereas under existing law the commission is required to determine the values of properties to be consolidated, and a consolidating corporation is forbidden to issue bonds and stock which in the aggregate at par exceed the value of the consolidated properties so determined; and the commission can not at the present time comply with said requirement to determine such value with any assurance that the value so determined will be judicially sustained, because it has been unable to develop a method of valuing railroad properties under the provisions of the interstate commerce act and its interpretation of the public policy therein, which will meet with the approval of the Supreme Court of the United States, and therefore the commission can not determine the amount of stock and bonds properly to be authorized for issuance by a consolidating corporation, with due regard to the protection of the public interest; and

¶Whereas there has been no showing made that railroad consolidations have resulted in any public benefit, but, on the contrary, there exists a strong sentiment that such consolidations will not be in the public interest: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* ¶That the authority of the Interstate Commerce Commission under existing law to approve and authorize any consolidation of railroad properties or any acquisition of control by one carrier by railroad of any other such carrier or carriers is hereby suspended until March 4, 1931, except in so far as such authority can and shall be exercised in conformity with the following requirements:

¶(a) The commission is specifically authorized and directed to prescribe in its order approving and authorizing any consolidation or acquisition of control such terms and conditions as may be found necessary to prevent the dismissal, lay-off or demotion of employees, and/or uncompensated losses of rights, privileges, and conditions of employment, resulting from the anticipation or consummation of such consolidation or acquisition of control; and/or to compensate employees for all losses and expenses sustained by them (including losses and expenses sustained through change of residence, or disposition of home) as a result of the anticipation or consummation of such consolidation or acquisition of control, to the extent that the commission determines that such losses result from the consolidation or acquisition of control and not from other economic factors. The term "employee" as used herein means a person defined as an employee in the railway labor act.

¶(b) The commission is further specifically authorized to make it a condition of any consolidation or acquisition of control that existing through routes and channels of trade and commerce shall be maintained, and also to require as a condition precedent to its approval and authorization of such consolidation or acquisition of control that the applicant or applicants shall make a binding offer, upon such terms as the commission shall prescribe, to acquire control of, or to consolidate or merge with, or to purchase the properties of any other carrier or carriers by railroad, not included within the application, which are assigned to the same system with applicant or applicants in the commission's plan of consolidation. In the event of such a condition precedent, the commission is also authorized, in its discretion, to approve and authorize the acquisition of control or consolidation or merger or purchase specified in such condition precedent with or without other proceedings under this section.

¶(c) The commission shall not approve or authorize any such consolidation or acquisition of control where, except for such approval and authorization, said consolidation or acquisition of control would be in violation of any of the anti-trust laws as designated in section 1 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914: *Provided*, That nothing herein contained shall suspend or prevent the approval and authorization by the commission of any acquisition or control of steam or electric railroad properties commonly classified as short line railroads required as a condition to any acquisition of control or consolidation heretofore or hereafter approved and authorized by the commission.

¶(d) The commission shall approve no plan for the unification, merger, or consolidation of carriers or their properties, or the transfer or lease of the properties or franchises of any carrier or carriers to another carrier under this Act which does not require the continued operation of general offices and shops at such places as they have been located under contracts for value, or under bond issue, or by

law, or under judicial decree, unless such plan shall provide for full and adequate and continuous compensation for such removal, which compensation may be furnished by the permanent location and maintenance at such place of other offices or shops by the carrier, its successors, receivers, or assigns, with at least as large pay rolls as the facilities removed; be it further

*Resolved*, That any consolidation or unification, or common control, or any exercise of common control, of carriers by railroad engaged in interstate commerce, or the properties thereof, however accomplished, whether directly or indirectly, through a holding company or holding companies, by a voting trust, or in any other manner whatsoever, and which the commission is not empowered to approve and authorize, or which the commission, if empowered, has not approved and authorized, is hereby declared unlawful and may be enjoined by any court of competent jurisdiction at the suit of the United States, the commission, any commission or regulating body of any State or States affected, or any party in interest: *Provided*, That the provisions of this paragraph shall apply only to consolidations, unifications, and common control effected or exercised subsequent to February 28, 1920; be it further

*Resolved*, That the commission is hereby directed and authorized to execute and to enforce the provisions of this resolution in the same manner and to the same extent as though they were written into the Interstate Commerce act.]

That (a) in any hearing upon an application to the Interstate Commerce Commission for authority to acquire control of any carrier or carriers by railroad or to consolidate the properties, or any part thereof, of any such carriers, the employees of any carrier by railroad involved in the acquisition or consolidation, or the representatives of any such employees, may intervene and be heard. As a condition of its approval of any such acquisition or consolidation (1) the commission is authorized to require that hardships or losses imposed upon any employees as a result of such acquisition or consolidation shall be minimized and/or compensated for by the carriers involved so far as the commission determines that it is just and reasonable and in the public interest so to do, and (2) the commission shall determine what is just and reasonable and in the public interest with regard to any losses sustained by reason of the change of location of offices or shops where such losses arise under a contract for value, a bond issue or any provision of law with respect to the location of general offices or shops of any carrier involved in such acquisition or consolidation.

(b) The acquisition of control in any manner of two or more carriers by railroad, by or through any holding or investment company, voting trust, or other person not a carrier by railroad, whether such control is held directly, or indirectly through one or more such persons, is hereby prohibited, unless approved by the Interstate Commerce Commission. The provisions of the Interstate Commerce Act, as amended and supplemented, applicable with respect to an acquisition of control by one carrier of another carrier or carriers, shall be applicable with respect to any acquisition of control under this paragraph. Any violation of this paragraph may be enjoined by any court of competent jurisdiction at the suit of the United States, the Interstate Commerce Commission, any commission or regulatory body of any State in which is located any part of the lines of the carrier by railroad, or any party in interest.

(c) As used in this joint resolution, the term "employee" means an individual defined as an employee in the Railway Labor Act; the term "person" includes individual, partnership, corporation, and association; and the term "carrier by railroad" means any such carrier subject to the Interstate Commerce Act, as amended.

(d) The provisions of this joint resolution shall not apply when the only carriers involved in the acquisition of control or consolidation of properties are street, suburban, and/or interurban electric railways not operated as a part or parts of a general steam railroad system of transportation.

Amend the title so as to read: "Joint resolution to defined and extend the authority of the Interstate Commerce Commission in approving acquisitions of control and consolidations of carriers by railroad subject to the interstate commerce act, as amended."

#### APPENDIX B

#### TEXT OF THE EXISTING RAILROAD CONSOLIDATION PROVISIONS OF THE INTERSTATE COMMERCE ACT

##### SEC. 5. \* \* \*

(2) Whenever the Commission is of opinion, after hearing, upon application of any carrier or carriers engaged in the transportation of passengers or property subject to this Act, that the acquisition, to the extent indicated by the Commission, by one of such carriers of the control of any other such carrier or carriers either under a lease or by the purchase of stock or in any other manner

not involving the consolidation of such carriers into a single system for ownership and operation, will be in the public interest, the Commission shall have authority by order to approve and authorize such acquisition, under such rules and regulations and for such consideration and on such terms and conditions as shall be found by the Commission to be just and reasonable in the premises.

(3) The Commission may from time to time, for good cause shown, make such orders, supplemental to any order made under paragraph (1) or (2), as it may deem necessary or appropriate.

(4) The Commission shall as soon as practicable prepare and adopt a plan for the consolidation of the railway properties of the continental United States into a limited number of systems. In the division of such railways into such systems under such plan, competition shall be preserved as fully as possible and wherever practicable the existing routes and channels of trade and commerce shall be maintained. Subject to the foregoing requirements, the several systems shall be so arranged that the cost of transportation as between competitive systems and as related to the values of the properties through which the service is rendered shall be the same, so far as practicable, so that these systems can employ uniform rates in the movement of competitive traffic and under efficient management earn substantially the same rate of return upon the value of their respective railway properties.

(5) When the Commission has agreed upon a tentative plan, it shall give the same due publicity and upon reasonable notice, including notice to the Governor of each State, shall hear all persons who may file or present objections thereto. The Commission is authorized to prescribe a procedure for such hearings and to fix a time for bringing them to a close. After the hearings are at an end, the Commission shall adopt a plan for such consolidation and publish the same; but it may at any time thereafter, upon its own motion or upon application, reopen the subject for such changes or modifications as in its judgment will promote the public interest. The consolidations herein provided for shall be in harmony with such plan.

(6) It shall be lawful for two or more carriers by railroad, subject to this Act, to consolidate their properties or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership, management, and operation, under the following conditions:

(a) The proposed consolidation must be in harmony with and in furtherance of the complete plan of consolidation mentioned in paragraph (5) and must be approved by the Commission;

(b) The bonds at par of the corporation which is to become the owner of the consolidated properties, together with the outstanding capital stock at par of such corporation, shall not exceed the value of the consolidated properties as determined by the Commission. The value of the properties sought to be consolidated shall be ascertained by the Commission under section 19a of this Act, and it shall be the duty of the Commission to proceed immediately to the ascertainment of such value for the properties involved in a proposed consolidation upon the filing of the application for such consolidation.

(c) Whenever two or more carriers propose a consolidation under this section, they shall present their application therefor to the Commission, and thereupon the Commission shall notify the Governor of each State in which any part of the properties sought to be consolidated is situated and the carriers involved in the proposed consolidation, of the time and place for a public hearing. If after such hearing the Commission finds that the public interest will be promoted by the consolidation and that the conditions of this section have been or will be fulfilled, it may enter an order approving and authorizing such consolidation, with such modifications and upon such terms and conditions as it may prescribe, and thereupon such consolidation may be effected, in accordance with such order, if all the carriers involved assent thereto, the law of any State or the decision or order of any State authority to the contrary notwithstanding.

(8) The carriers affected by any order made under the foregoing provisions of this section and any corporation organized to effect a consolidation approved and authorized in such order shall be, and they are hereby, relieved from the operation of the "antitrust laws," as designated in section 1 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, in so far as may be necessary to enable them to do anything authorized or required by any order made under and pursuant to the foregoing provisions of this section.



## MINORITY VIEWS

The undersigned members of the Committee on Interstate and Foreign Commerce are unable to agree with the committee's action in reporting the substitute for S. J. Res. 161. The reasons for our dissent are as follows:

Under section 5 (1) (2) of the interstate commerce act, as amended by the transportation act of 1920, numerous consolidations, mergers, and leases have been consummated. In fact, so many have been proposed during the last two or three years that marked uneasiness has been caused throughout the country. The pressure for the general unification bill intensified the feeling upon this subject.

On December 9, 1929, the Interstate Commerce Commission, in compliance with section 5 (5) of the interstate commerce act, adopted a plan for the consolidation of all of the railroads into 21 systems. It is no exaggeration to say that the commission's action, with its startling potentialities, excited much dissatisfaction throughout the country. Particularly were the communities and local interests which would be affected greatly disturbed and the fears of large numbers of railroad workers aroused for its effect upon their positions, and other interests. The commission's subsequent conditional approval of the Great Northern Pacific consolidation had effect to confirm these apprehensions of communities and workers.

It was to relieve the anxiety which has thus been aroused that S. J. Res. 161 was presented. Its supporters hold that, in order to calm the apprehensions of the general public and of labor and local interests, all further consolidations except those proposed under severe restrictions should be temporarily suspended. In the form in which the resolution was passed by the Senate, it provided (1) that all consolidations not made under specified conditions be suspended until March 4, 1931, and (2) that not more than a single carrier shall be controlled through a holding company, trust, pool, or other device.

The suspension of consolidations until March 4, 1931, permitted them upon the conditions (a) that the interests of employees be safeguarded; (b) that existing routes and channels of commerce be maintained, and that the proponent offer to acquire the remaining lines of the system; (c) that, except as to short lines, no consolidations in violation of the antitrust laws should be made; and (d) that the interest of local communities in general offices and shops be protected.

The committee's substitute for the resolution abandons (b) and (c) of these conditions. It preserves, as a permanent law, conditions (a) and (d) relating to employees and to the removal of offices and shops, but as to both of these interests merely mild and insufficient gestures of protection are made. As to employees, it provides merely that the commission is "authorized" to require that the carriers compensate, etc., the employees for losses, "so far as the commission has determined that it is just and reasonable, in the public interest, so to do." The commission, in the exercise of the discretion thus conferred, may ignore the interests of employees altogether, or may balance the public interest against the employees' interest and ignore the latter if it be found the lesser. As to the local interest of a community in shops and offices, the commission is given discretion to determine

"what is just and reasonable and in the public interest" only where the local losses arise under "a contract for value, a bond issue, or any provision of law." No protection whatever is given to local interests not included in these narrow limitations, and even as to them no express authority is given to make any award or to require payment, etc. Manifestly, these provisions are wholly inadequate to protect either of these interests.

As to (b) and (c) the substitute contemplates that the commission may continue to approve consolidations of competing carriers, that combinations and mergers violative of the antitrust laws may go on, that existing routes and channels may be disrupted, and that the consolidation plan adopted under section 5 (5) be ignored.

#### PROVISIONS ON HOLDING COMPANIES

The substitute changes that part of the resolution aimed at consolidations and mergers through holding companies, trusts, etc., so that same will be applicable only to future acquisition of control. This is done by eliminating the prohibition against the exercise of control and confining it solely to the acquisition of control. Combinations heretofore achieved through holding companies are permitted to continue their manipulations. Concerns such as the Alleghany Co., the Penn Road Co., and others, of which there are many, organized for the sole purpose of evading the requirements of law, are to continue to exercise over the carriers which have come into their webs the control which they are prohibited from exercising directly.

Probably numerous controls and combinations effected through holding companies and trusts are violative of the antitrust laws. The particular vice of this part of the substitute is that it affords a means whereby such unlawful combinations may be made lawful. The substitute confers upon holding companies, etc., the choice of whether they will have legality given to combinations, etc., which were made unlawfully, or continue to exercise under them the control which they may have illegally gained.

#### CONCLUSION

For the reasons stated, the substitute is far less satisfactory than the resolution as adopted by the Senate. As a whole we regard it as of no practical value whatever. Without bringing the good faith of its proponents into question, we regard it as an evasion of the facts of the situation.

We are confronted by a practical situation. Adjournment is close at hand. If passed at all, the measure must be passed immediately. The Senate, after a full hearing and earnest debate, adopted the resolution. The House should adopt it in the Senate form; otherwise there is little hope for legislation during the session.

We would prefer that all legislation upon the subject be defeated than to accept a measure such as the substitute, which is so far short of the pressing requirements of the situation. Responsibility for such defeat will rest upon those who refuse to accept the resolution without amendment.

GEORGE HUDDLESTON.  
TILMAN B. PARKS.  
ROBERT CROSSER.